## Message Text

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PAGE 01 MONTEV 01993 171244Z

42.

**ACTION ARA-10** 

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IO-10

ACDA-05 COME-00 AID-05 EB-07 CIEP-01 TRSE-00 STR-04

OMB-01 CEA-01 FEAE-00 DOTE-00 FMC-01 AGR-05 OFA-01

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TAGS: PFOR, UY, BR, AR

SUBJECT: BORDABERRY-GEISEL MEET, TREATY AND OTHER DOCUMENTS SIGNED.

REF: MVD A-62

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1. SUMMARY. PRESIDENTS BORDABERRY AND GEISEL MET ON THE URUGUAYAN-BRAZILIAN FRONTIER JUNE 12 WHERE THEY SIGNED AN ARRAY OF AGREE-MENTS DESIGNED TO INCREASE COOPERATION BETWEEN THE TWO NATIONS. THE TREATY OF FRIENDSHIP, COOPERATION AND COMMERCE PROVIDES THE LEGAL FRAMEWORK FOR MUTUAL DEVELOPMENT IN A NUMBER OF AREAS INCLUDIING TRADE, ENERGY, TRANSPORTATION AND FINANCING. THE ENCOUNTER AND SIGNING WERE IMPORTANT BENCHMARKS IN URUGUAY'S POLICY OF PROMOTING REGIONAL COOPERATION A ND DEVELOPMENT THROUGH BILATERAL AAGREEMENTS.

END SUMMARY. END LIMITED OFFICIAL USE.

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PAGE 02 MONTEV 01993 171244Z

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- 2. THE LONG AWAITED MEETING TOOK PLACE ON SCHEDULE JUNE 12 IN THE FRONTIER CITY OF RIVERA, URUGUAY. AS EXPECTED, MAJOR ACCORDS WERE SIGNED IN AN UNUSUAL DISPLAY OF BINATIONAL GOODWILL.
- 3. CENTRAL TO THE LIST OF AGREEMENTS IS THE TREATY OF FRIENDSHIP, COOPERATION AND COMMERCE. THE TREATY'S PURPOSE IS TO ESTABLISH PERMANENT INSTRUMENTS FOR COOPERATION, UNDERSTANDING AND INFORMATION EXCHANGE ON BILATERAL AND MULTILATERAL MATTERS OF COMMON INTEREST. A BILATERAL COMMISSION TO EFFECT THIS COOPERATION IS TO BE FORMED. THE TREATY ALSO AFFIRMS THE AGREEMENT OF JULY 21, 1971,

FIXING THE MARITIME BOUNDARY BETWEEN THE TWO NATIONS.

- 4. IT CALLS FOR BROADER COMMERCIAL EXCHANGE, ACTION ON MAJOR INFRA-STRUCTURE PROJECTS, SUCH AS THE LAGUNA MARIN BASIN, AND PALMAR DAM PROJECT.
- 5. THE SIGNERS AGREE TO STIMULATE INVESTMENTS WHICH WOULD HAVE THE EFFECT OF PROMOTING ECONOMIC COOPERATION IN BOTH THE PRIVATE AND PUBLIC SECTORS, INCLUDING THE SIGNING OF INDUSTRIAL COMPLEMENTATION AGREEMENTS AND THE CREATION OF BINATIONAL ENTERPRISES. THE LESS DEVELOPED ECONOMIC CONDITION OF URUGUAY IS TO BE TAKEN INTO ACCOUNT IN THESE ACTIVITIES.
- 6. A STUDY OF A LINE OF CREDIT IS TO BE MADE TO ALLOW URUGUAY TO PURCHASE BRASILIAN CAPITAL GOODS.
- 7. URUGUAY WILL ACCORD MOST FAVORED NATION TREATMENT TO CAPITAL IMPORTS ORIGINATING IN BRAZIL.
- 8. COOPERATION IN THE AGRICULTURAL SECTOR IS CALLED FOR. BOTH COUNTRIES AGREE TO EXCHANGE OF INFORMATION AND EXPERIENCES AS WELL AS RECIPROCAL ASSISTANCE IN PRODUCTION AND AGRICULTURAL TECHNIQUES. AGRICULTURAL AGREEMENTS MAY BE SIGNED IN ORDER TO PROMOTE COMPLIMENTARY PRODUCTION, TRADE AND ACCESS TO MARKETS. THE GOB WILL EXTEND TO URUGAUAY A LINE OF CREDIT FOR THE DEVELOPMENT OF WHEAT PRODUCTION.

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PAGE 03 MONTEV 01993 171244Z

- 9. BRAZIL, AT THE REQUEST OF URUGUAY, WILL STUDY THE ESTABLISHMENT OF A LINE OF CREDIT FOR CAPITAL EQUIPMENT FOR MIXED URUGUAYAN AND BRAZILIAN FISHING COMPANIES.
- 10. THE PARTIES AGREE TO SIGN A CONVENTION ON MARITIME AND RIVER TRANSPORT. PRIORITY TREATMENT WILL BE GIVEN TO THE DEVELOPMENT CONNECTING LAND TRANSPORT SYSTEMS. BRAZIL WILL STUDY URUGUAY'S REQUEST FOR TECHNICAL ASSISTANCE IN HIGHWAY AND RAILRROAD DEVELOP-

MENT. MUTUAL COOPERATION IN TELECOMMUNICATIONS IS CALLED FOR, INCLUDING THE EXCHANGE OF TECHNICIANS AND THE SUPPLYING OF EQUIPMENT. ENERGY PRODUCTION AND INTERCONNECTIONS ARE ALSO TO BE PROMOTED.

11. THE BEST MEANS OF INCREASING BILATERAL COOPERATION, EDUCATION, SCIENCE, AND CULTURE ARE TO BE STUDIED. A BASIC AGREEMENT ON SCIENTIFIC AND TECHNICAL COOPERATION IS AGREEDUPON. TOURISM IS TO BE PROMOTED BETWEEN THE TWO NATIONS.

12. IN ADDITION TO THE TREATY THE FOLLOWING COMPLIMENTARY ITEMS WERE SIGNED: PROTOCOL ON COMMERCIAL EXPANSION, BASIC AGREEMENT ON TECHNICAL AND SCIENTIFIC COOPERATION, CONVENTION ON MARINE

TRANSPORT, CONVENTION ON RIVER AND LAKE TRANSPORT, NOTE ON COMING INTO FORCE OF THE AGREEMENT ON THE DEFINITIVE PLACEMENT OF THE CHUY SANDBAR AND THE LATERAL MARITIMEBOUNDARY, NOTES ON CONSTRUCTION ON THE CHUY SANDBAR, NOTES ON THE FINANCING OF THE CONSTRUCTION OF THE PALMAR DAM, NOTES ON ELECTRICAL INTERCONNECTIONS, NOTTES ON THE FINANCING OF WHEAT PRODUCTION. TEXTS OF ALL AGREEMENTS WILL BE FORWARDED BY AIRGRAM. END UNCLASSIFIED.

13. BEGIN LIMITED OFFICIAL USE. COMMENT: PRESIDENT BORDABERRY CALLED THE AGREEMENTS THE MOST IMPORTANT IN THE HISTORY OF THE RELATIONS BETWEEN THE TWO NATIONS AND THE BEGINNING OF A NEW ERA OF COOPERATION. CERTAINLY THESE ACCORDS WHICH ARE THE RESULT OF MONTHS OF CAREFUL PREPARATION PROOVIDE THE LEGAL FRAMEWORK NEC-

ESSARY FOR INCREASED COOPERATION BETWEEN BRAZIL AND URUGUAY.

14. WHETHER THEY PROVIDE BRAZIL WITH POSSIBILITIES FOR INCREASED INFLUENCCE IN URUGUAYAN INTERNAL AFFAIRS REMAINS TO BE SEEN BY SUBSEQUENT EVENTS. URUGUAY MUST INCREASE ITS EXPORTS IF IT IS TO LIMITED OFFICIAL USE

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PAGE 04 MONTEV 01993 171244Z

DEVELOP, AND PERHAPS EVEN IF IT IS TO SURVIVE, SAID BORDABERRY.
BRAZIL COULD BE A MAJOR PURCHASER OF URUGUAYAN PRODUCTION, ESPECIALLY IN THE AGRICULTURAL FIELD. THERE ARE POSSIBILITIES FOR INCREASED COOPERATION IN ALMOST EVERY FIELD.

15. OF SPECIAL INTEREST IS THE ESTABLISHMENT OF A MIXED COMMISSION TO STUDY FINANCING OF THE PALMAR DAM.
BRAZILIAN FINANCING COULD STRENGTHEN RELATIONS BETWEEN THE MILITARY OF BOTH COUNTRIES SINCE PALMAR HAS LONG BEEN A PROJECT OF MAJOR INTEREST TO URUGUAY'S MILITARY LEADERS.

16. WHILE THE POSSIBILITY OF INCREASED BRAZILIAN INFLUENCE EXISTS, URUGUAYAN INTERESTS ARE OF COURSE ALSO SERVED. FOREIGN MINISTER BLANCO HAS PURSUED A POLICY OF PROCEEDING STEP BY STEP, AGREEMENT BY AGREEMENT, TO WEAVE A NETWORK OF BILATERAL ACCORDS WHICH

WILL UNITE URUGUAY AND ITS NEIGHBORS INTO A WIDER SYSTEM OF REGIONAL DEVELOPMENT NOT DEPENDENT UPON THE VISCOUS PACE OF LAFTA OR OTHER REGIONAL ORGANIZATIONS.

17. THE TREATY AND ITS ANCILLARY DOCUMENTS IS A MAJOR STEP IN DEVELOPMENT OF THIS URUGUAYAN PLICY. THE BRAZILIANS APPEAR TO HAVE BEEEN VERY FORTHCOMING IN THE NEGOTIATIONS, NO DOUBT IN PART BE-

CAUSE OF ARGENTINE-BRAZILIAN RIVALRY FOR INFLUENCE HERE. WHETHER THE FOLLOW-ON PERFORMANCE WILL BE QUITE AS SPECTACULAR REMAINS TO BE SEEN. END LIMITED OFFICIAL USE.

18. GDS. SIRACUSA

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## Message Attributes

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